



# Budget

*at a glance*



## 2012-2013 *Second Year* **Mission Statement**

*The Mission of the City of Torrance  
is to encourage and respond to community  
participation as we provide  
for an attractive, clean, safe, secure  
and enriching environment that  
assures a high quality of life.*

*We evaluate and act on the needs of the  
community within a complex,  
changing environment.*

*We provide quality service with integrity,  
professionalism and accountability  
in an efficient and cost-effective manner.*

*City of Torrance*

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# Snapshot of Torrance

<b>Population:</b>	146,115 <sup>1</sup>
<b>Peak Daytime Population (2 p.m.):</b>	203,011
<b>Area:</b>	21 square miles
<b>Full Time Employees:</b>	1,313
<b>Fire Stations:</b>	6
<b>Police Station:</b>	1
<b>Police Community Centers:</b>	1
<b>Sworn Police Employees:</b>	224.5
<b>Sworn Fire Employees:</b>	145
<b>Public Libraries:</b>	6
<b>City Trees:</b>	47,000
<b>Miles of Sidewalks:</b>	550
<b>Parks &amp; Recreation Amenities:</b>	47

<sup>1</sup> California Department of Finance, May 2012.

## Key Highlights of the 2012-13 Budget

- ❖ Elimination of Redevelopment Agency by the State Legislature – eliminated tools to stimulate growth in “Old Torrance” and eastside industrial portions of the city and limited the ability to fund affordable housing projects.
- ❖ Recovery of Sales Tax and Occupancy Tax revenue – Sales Tax has grown 5% and Occupancy Taxes have increased 10% over last year.

## State Budget and Impact to City

- ❖ Budget Shortfall of \$16 billion
- ❖ Vehicle License Fee of \$530,000 taken back by the State (City covered with one-time replacement fund, pending litigation of State action by League of Cities). The State diverted \$130 million of local VLF funds to fund certain State public safety grant programs previously funded by the now-expired special 0.15% VLF.
- ❖ Adoption of AB109 by the State Legislature, known as Criminal Justice Realignment, which shifted responsibility of incarcerating “low-risk” inmates from the State to the County and released inmates to communities without supervision greatly impacting City policing responsibilities.

## Budget Balancing

- ❖ Organizational savings of \$115,000 – restructuring of Human Resources, deleting 1.0 Human Resources Director, and transferring Risk Management from Human Resources to the Finance Department.

- ❖ Energy Savings from capital projects – savings goal \$395,000
  - Annual savings to date - \$111,000
  - Pending projects:
    - Lighting Upgrades (\$130,000 expected savings) expected completion July, 2012
    - Water Conservation/Irrigation Controls Upgrade (\$130,000 expected savings) estimated completion October, 2012.
    - Renewable Energy/Pool solar Water Heating (\$13,000 expected savings) estimated completion October, 2012)
    - HVAC Replacements (\$13,000 expected savings) estimated completion in Fall of 2012.

## Implementation of Operational Efficiencies and Changes in Business Practices

- ❖ Cellular telephone restructure of contract – \$70,000 savings
- ❖ Personnel allocation in Library Division – adding 5.0 full-time positions and reducing 12.5 part-time positions – \$115,000 savings.
- ❖ Park Services shift schedule change (weekend work scheduling to reduce overtime) – \$50,000 savings.
- ❖ Community outreach program funding shift to Cable Fund – \$155,000 savings to General Fund.
- ❖ CM – Fund Cable operations equipment from Cable capital fund (PEG Fund) to free up funding for the Police Department’s community outreach programs – \$60,000.

## Continued Use of Bridge Funding

- ❖ Post employee benefits deferment – \$1.0 million.
- ❖ Maintain increased shift of Gas Tax revenue from capital project to maintenance – \$200,000.
- ❖ Maintain shift of annual interest earnings from the Tax Revenue Anticipation Notes (TRAN) program from capital projects to operations (earnings are partially derived from the prepayment of pension expense) – \$500,000.

## Public Employee Retirement System (PERS)

- ❖ Effective 2011, new employees fund the cost of Employee Paid Member Contributions (EMPC) – 9% for Police and Fire and 7% for Miscellaneous employees – savings grow annually as new employees are hired.
- ❖ PERS (Public Employees Retirement System) actuarial assumption for investments decreased by 1/4% from 7.75% to 7.50% – increasing the City contribution to PERS.

## Torrance Bond Rating

- ❖ The City of Torrance enjoys a Standard & Poor’s municipal short-term note rating of SP-1+ reflective of the City’s very strong capacity to pay debt service on the series 2012 tax revenue anticipation notes (TRANs).



# 2012-13 OPERATING BUDGET SUMMARY

<b>General Fund Revenues:</b>	<b>2011-12</b>	<b>%</b>	<b>2012-13</b>	<b>%</b>
Sales Tax (includes triple flip)	35,970,000	22%	41,176,000	24%
Utility Users Tax	35,600,000	21%	34,807,000	21%
Property Taxes	41,690,000	25%	42,085,000	25%
Business License Tax	8,220,000	5%	8,612,000	5%
Occupancy Tax	7,660,000	5%	8,273,000	5%
Other Taxes	7,610,000	5%	7,652,000	4%
Grants and Subventions	2,020,000	1%	1,410,000	1%
Use of Money and Property	3,360,000	2%	2,825,000	2%
Charges for Services	5,130,000	3%	5,221,000	3%
Transfers *	10,392,000	6%	8,363,000	5%
Other Revenues **	7,740,000	5%	8,123,000	5%
<b>Total General Fund Revenues</b>	<b>\$165,392,000</b>	<b>100%</b>	<b>\$168,547,000</b>	<b>100%</b>

## General Fund Expenditures:

Public Safety ***	100,053,000	60%	102,266,000	61%
Public Works	11,743,000	7%	11,702,000	7%
Community Development	7,147,000	4%	7,163,000	4%
Community Services	14,047,000	9%	13,977,000	8%
General Government	23,071,000	14%	22,547,000	14%
Transfers/Non-Departmental ****	9,331,000	6%	10,892,000	6%
<b>Total General Fund Expenditures</b>	<b>\$165,392,000</b>	<b>100%</b>	<b>\$168,547,000</b>	<b>100%</b>

\* Includes transfers primarily from Airport Fund.

\*\* Includes liquidation of fund balance.

\*\*\* Includes operational support funding for the Emergency Medical Services (Paramedic) Fund and Animal Control Fund.

\*\*\*\* Includes operational transfers to Parks and Recreation, Cultural Arts Center, and Self Insurance Funds.

<b>Internal Service Funds:</b>	<b>2011-12 Revenues</b>	<b>2011-12 Expenditures</b>	<b>2012-13 Revenues</b>	<b>2012-13 Expenditures</b>
Fleet Services	\$ 5,890,000 **	\$ 5,890,000	\$ 6,380,000	\$ 5,858,000
Self Insurance	3,996,000 **	3,996,000	4,690,000 **	4,690,000
<b>Total Internal Service Fund</b>	<b>9,886,000</b>	<b>9,886,000</b>	<b>11,070,000</b>	<b>10,548,000</b>

## Enterprise Funds:

Airport	11,657,000 **	11,657,000	11,887,000 **	11,886,000
Transit *	25,498,000	25,052,000	28,913,000	27,706,000
Water	32,976,000	31,536,000	35,187,000	33,503,000
Emergency Medical Services Fund	10,685,000	10,685,000	11,039,000	11,039,000
Sanitation	12,226,000 **	12,226,000	11,065,000	10,951,000
Sewer	2,465,000 **	2,465,000	4,062,000 **	4,062,000
Parks & Recreation (fee activities)	8,502,000 **	8,502,000	8,500,000 **	8,500,000
Cultural Arts Center	2,162,000 **	2,162,000	2,165,000 **	2,165,000
<b>Total Enterprise Funds</b>	<b>106,171,000</b>	<b>104,285,000</b>	<b>112,818,000</b>	<b>109,812,000</b>
<b>Other External Funds:</b>	<b>35,994,000</b>	<b>33,942,000</b>	<b>25,525,000</b>	<b>25,206,000</b>
Less Internal Services/Transfers ***	(43,239,000)	(43,239,000)	(43,112,000)	(42,590,000)
<b>TOTAL CITY BUDGET</b>	<b>274,204,000</b>	<b>270,266,000</b>	<b>274,848,000</b>	<b>271,523,000</b>

\* Includes depreciation of \$2,376,000 in revenue estimate for 2011-12 and \$3,331,00 in 2012-13.

\*\* Includes liquidation/use of fund balance.

\*\*\* To offset transfers between funds such as the General Fund subsidy to Parks and Recreation Fund.



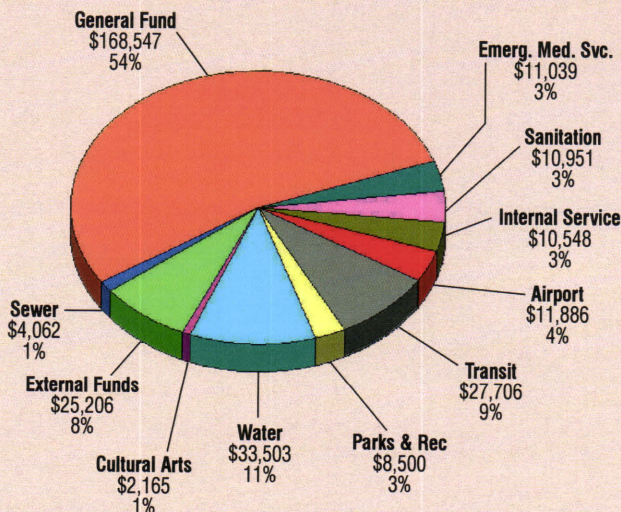
## Adopted Budget Revisions

- ❖ Police – Add 2.0 Police Officer positions (1.0 effective 7-1-12, 1.0 effective 1-1-13) to contact and monitor parolees and probationers related to AB 109 Public Safety Realignment and defer discussion for the addition of 2.0 Police Officers to the 2013-15 budget process.
- ❖ Public Works – Add 2.0 Assistant Engineer positions and 1.0 Public Works Inspector (Measure R funded) to expand infrastructure projects.
- ❖ Transit – Add 6.0 FTE Relief Bus Operator positions, 3.0 Equipment Attendants, 1.0 Mechanic, and fuel, lubricants, equipment budget to support service expansion – to implement the Torrance Rapid Bus program and ExpressLane demonstration project.
- ❖ Public Works – Use of \$240,000 of Proposition C to fund street maintenance.
- ❖ Community Services/General Services – Use of \$25,000 (one-time) to fund marketing contract for the Cultural Arts Center.

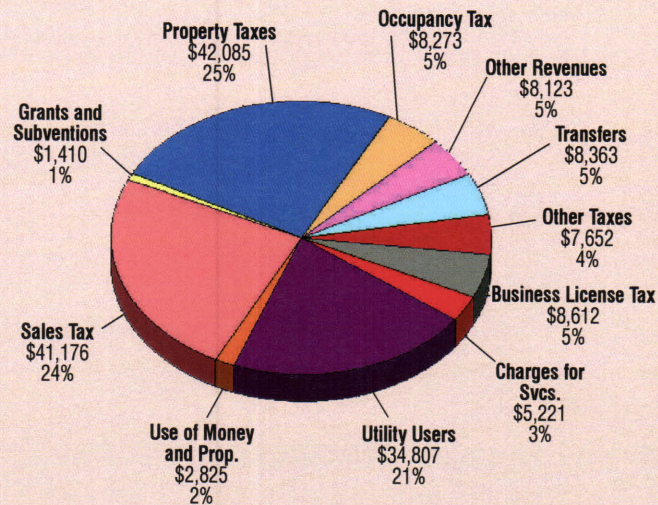
## Future Considerations (2013-15 budget process)

- ❖ Staffing for maintenance of potential acquired sport fields (court land) (\$90,000).
- ❖ Strategic Plan Three-Year Update Cycle (\$135,000).
- ❖ Resources for outreach to a second Sister City (\$42,200)
- ❖ 2014 Rose Float

## 2012-13 Expenditure Budget Summary for All Funds\*\* (in 000s)



## 2012-13 General Fund Revenue Summary (in 000s)

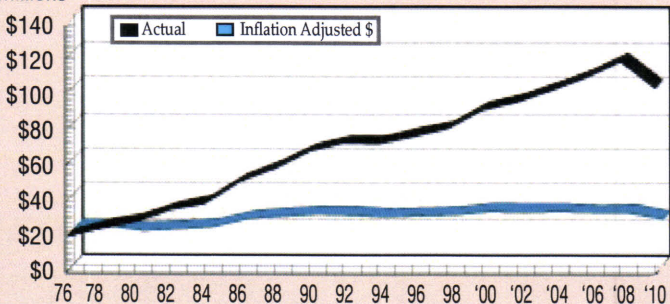


\*\* Based on an adopted 2012-13 gross budget of \$314,113,000.



# Sales, Utility Users', Secured Property Business License, Motor Vehicle & Occupancy Taxes

Millions



Fiscal Year End

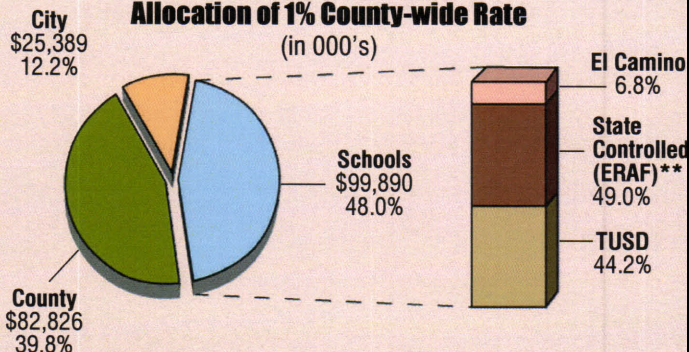
Actual average annual growth rate is 5.0%

Inflation adjusted average annual growth rate is 0.8%

\*Constant dollar figure adjusts for inflation (base year = 1976).

## Secured Property Tax\* Allocation of 1% County-wide Rate

(in 000's)



\* Secured Property Tax - levied on real properties in the City which are secured by liens on the properties.

\*\* The State transfers 49% of property tax collected for schools to a general account for all schools. This is referred to as the Education Revenue Augmentation Fund (ERAF).

Allocation based on 2010-2011 actual secured property tax of \$25,388,805.

## Distribution of Property Tax\*

Assessed Value = \$341,100

County 1% rate \$3,410

Schools  
TUSD, El Camino, Other  
48.0% (\$1,637)

City of Torrance  
12.2% (\$416)



County  
39.8% (\$1,357)

## 2012-13 General Fund Operating Budget by Function

(in 000s)

